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FOREIGN AGRICULTURE

February 8, 1970



Another U.S. Farm Export Record

Markets for Jute and Cordage Fibers

Foreign
Agricultural
Service
U.S. DEPARTMENT
OF AGRICULTURE

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U.S. feeder cattle. Exports of animals and animal products helped to push U.S. exports of agricultural products to an alltime high in the second quarter of fiscal 1970. See article beginning page 2.

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Combines harvesting wheat in the State of Washington.

U.S. Farm Exports Keep Up Fast Pace With Record for July-December

U.S. Farm Exports

Commodity	July-Dec.		
	1969	1970	Change
	Mil. dol.	Mil. dol.	Per-cent
Animals & prods.:			
Dairy prods.	50	68	+36
Fats, oils, & greases	91	131	+44
Hides & skins	79	66	-16
Meats & prods.	80	72	+10
Poultry prods.	30	31	+3
Other	46	63	+37
Total	376	431	+15
Grains and preps.:			
Feedgrains, excl. prods.	556	633	+14
Rice	166	151	-9
Wheat & flour	441	612	+39
Other	30	45	+50
Total	1,193	1,441	+21



By DEWAIN H. RAHE
Foreign Development and
Trade Division
Economic Research Service

After shattering records in the first quarter of fiscal 1971 (July-September), U.S. agricultural exports in the second quarter rose 32 percent to an alltime high of \$2,183 million, 15 percent above the same period in 1969. This brings the total for the first half of the year to a record also—\$3,831 million, 16 percent above the \$3,303 million for the same period in 1969. The previous high for July-December was in 1966, when exports totaled \$3,584 million.

Wheat grain alone accounted for about one-third of this increase and soybeans for over a fourth. Other advances occurred for cotton, soybean oil,

tallow, dairy products, feedgrains, and protein meal. Offsetting were declines for tobacco, meats, and hides and skins.

Exports of **grains and preparations** advanced to \$1,441 million in July-December, from \$1,193 million for the same period a year earlier. Wheat and products alone accounted for two-thirds of the grain. Most of the increase in wheat exports stems from Europe's reduced 1970 crop and lower stocks; European supplies of all grains are about 8 million to 9 million tons below those of a year ago. Europe (both East and West) purchased approximately 79 million bushels of wheat, accounting for around two-fifths of the total gain. Besides shipping more wheat to Europe, the United States shipped more to such markets as Japan, India, Israel, and Morocco.

But total U.S. feedgrain exports also advanced, to 11.3 million tons in July-December from 10.8 million for the same period a year earlier. The gain in exports of barley and grain sorghums accounted for this increase. Exports of oats were also up sharply, although corn exports were down nearly 50 million bushels. Japan, the top country market, purchased about 6 percent more feedgrains this year than in the previous year. Other gains occurred for the European Community, Mexico, Venezuela, Korea, and Portugal.

Rice exports of 18.2 million bags in July-December were slightly below the 19.7 million of a year earlier, owing to a substantial rise in foreign Free World production. U.S. exports to developing countries under Government-financed programs were very large, but movements to the European Community and most other developed countries were down.

Oilseeds and products continued their advance in the second quarter of 1970-71, so that overall, in the first half of the year, they moved up 31 percent, to \$1,004 million from the like period a year earlier. Exports of soybeans rose to 220 million bushels from 190 million; and with soybean prices about 11 percent above those of a year earlier, the rise in value was even steeper. The soybean increase was concentrated in Japan and Western Europe. Japan, for example, purchased 59 million bushels in July-December, up from the 45 million of 1969. The European Community, the major purchaser in Europe, took 75 million bushels, compared with 64 million in 1969.

The outgo of U.S. protein meal (chiefly soybean) rose to 2.2 million tons, from 1.9 million a year ago. Approximately 90 percent of this meal goes to Europe. Continued growth in livestock production in Western Europe, coupled with smaller grain production and higher grain prices has increased demand for protein and other feed ingredients. Although world production of fishmeal has gained substantially, world trade in this product advanced only slightly.

Combined exports of cottonseed and soybean oils totaled 882 million pounds, up nearly a third from 667 million during the previous year. This gain is due to increased consumption and continued tight world supplies of fats and oils. Foreign export availabilities of key edible oils such as peanut, sunflowerseed, and coconut have been below trend.

Exports of **animals and animal products** topped last year's value by 14 percent, rising to \$430 million from \$376 million. A substantial part of this increase occurred from larger quantities of lard and inedible tallow, along with higher prices. Exports of dairy products also advanced—primarily because of gains under Government-financed programs, although commercial sales were also above the level of a year ago.

Hide and skin exports of 10.7 million pieces were down slightly from those of a year ago. The decline occurred primarily in shipments to Western Europe. Exports of poultry products gained somewhat, with poultry meat (chiefly broilers and fryers) advancing to 78 million pounds from 71 million in 1969 under the encouragement of increased U.S. production and lower U.S. prices. Exports of meats and products were only slightly below the level of a year earlier; substantial gains occurred in recent months with lower U.S. prices. Variety meats, totaling 24 million pounds, were about the same as a year earlier. But pork exports of 43 million pounds were substantially below the 61 million of 1969.

Combined exports of **fruits and vegetables**, at \$277 million, were about 3 percent lower than a year earlier. Exports of fruits and preparations were slightly below the level of a year earlier because lower U.S. production and larger output in Australia and South Africa discouraged U.S. shipments of fruit cocktail, canned peaches, and

(Continued on page 16)

Commodity	July-Dec.		
	1969	1970	Change
Oilseeds & prods.:	Mil.	Mil.	Per-
Cottonseed & soybean oils	dol.	dol.	cent
Soybeans	75	125	+67
Protein meal	494	641	+30
Other	152	191	+26
Total	48	47	-2
Total	769	1,004	+31
Other:			
Cotton, excl. linters	123	149	+21
Tobacco, unmf'd. ...	348	297	-15
Fruits, preps.	187	180	-4
Vegetables, preps. ...	99	97	-2
Other	208	232	+12
Total	965	955	-1
Total exports	3,303	3,831	+16

By JOHN HOBBS
*Sugar and Tropical Products Division
Foreign Agricultural Service*

World trade in raw fiber as well as jute products and cordage made from sisal, henequen, and abaca is being hit strongly by new marketing forces.¹

Other materials, notably manmade fibers, replace natural fibers in many important applications and threaten to increase their impact on world fiber trade. More modern transportation equipment and handling methods are dampening demand for both cordage and jute fabric. And a larger portion of total raw fiber output is being manufactured in less developed countries anxious to establish domestic industries.

Manmade fibers have several advantages over natural ones. Their price and availability are comparatively stable, not subject to such vagaries as shipping difficulties and crop conditions in distant lands. This makes them especially attractive to manufacturers of products made of fiber.

Since the finished goods are judged mainly by utilitarian, rather than esthetic standards, cost becomes the primary criterion governing substitution for natural fibers.

Polypropylene, one of the most common substitutes for natural fibers (the others include nylon and high-density polyethylene), is much cheaper than nylon and today is price-competitive with sisal and jute in many applications.

¹ See *Foreign Agriculture* Dec. 16, 1968.

U.S. polypropylene output increased roughly twentyfold between 1960 and 1968. In 1968 an estimated 110 million pounds, almost half the total, were used as substitutes for jute and cordage fibers, displacing roughly 330 million pounds of natural fiber. Foreign production of polypropylene has also increased, totaling almost 2 billion pounds in 1968. The U.S. price has fallen from 41 cents a pound in 1960 to around 20 cents currently. Spokesmen of the U.S. petrochemical industry predict increased polypropylene production and still lower prices in the future.

However, although manmade fibers have outstanding technical characteristics, such as strength, durability, and resistance to decay, they also present some technical problems. For example, bags made of such fibers are often slippery, difficult to stack, and—since they are not biodegradable—difficult to dispose of. Still, researchers are making notable progress toward solving these problems.

Imports by the United States—world's largest single market for both jute products and cordage made from sisal, henequen, and abaca—reflect the shifting world patterns of production, manufacture, and trade in these fibers.

World production of natural fibers used in making rope and twine is widely dispersed. Tanzania is the largest sisal-producing country, followed by Brazil. Kenya, Mozambique, Angola, the Malagasy Republic, and Haiti are also substantial sisal producers. Henequen fiber, similar to sisal, though more crude, is an important product of Mexico. Abaca (Manila hemp) is produced almost entirely in the Philippines.

U.S. consumption requirements for all cordage, including rope as well as all kinds of twine, are met increasingly by imported manufactures and by manmade fibers, so that imports of raw sisal and henequen decreased 43 percent in 1969 from the 1960-64 average. In the early fifties, the U.S. cordage industry met about 93 percent of domestic demand for hard-fiber cordage, including rope, but in the late sixties it supplied only 73 percent of a smaller market. Concurrently, U.S. production of cordage from manmade fiber grew steadily and in 1969 accounted for well over half of total production, figured in natural-fiber equivalents.

Domestic production of agricultural twine (mostly baler twine) made from sisal and henequen has been hit hardest,

Changes in And Cordage



falling from about 69 percent of total U.S. consumption in the early fifties to 11 percent in 1969. Imports of agricultural twine have grown and during 1967-69 represented about 57 percent of all sisal and henequen imported into the United States.

Largest remaining outlet for sisal and henequen, the United States is the only large agricultural twine market that has so far proven resistant to competition from manmades. Hence, it is of urgent concern to foreign suppliers. At the same time, the United States is highly dependent on imported twine to harvest the hay crop. Its concern is illustrated by the existence of a domestic stockpile of sisal for use in an emergency.



World Jute Fiber Trade



Mexico remains the largest supplier of agricultural twine to the United States, although shipments from that country have been declining in quantity and as a percentage of the total U.S. market in recent years.

A number of countries which do not produce fiber import and process it and export large quantities of agricultural twine to the United States. Portugal is first among these countries, which also include Belgium, the Netherlands, Denmark, and Canada. They supplied as much as 62 percent of U.S. agricultural twine imports in 1966, but their shipments, like Mexico's, have declined recently with the emergence of a new group of twine exporters, the sisal-

producing countries of Brazil, Haiti, Tanzania, Mozambique, and Angola. In 1969 the low-cost production of these countries accounted for over 25 percent of total imports of agricultural twine by the United States, compared with less than 4 percent only 5 years earlier.

Demand for natural cordage in other developed countries is generally declining for the same reasons it is in the United States. World sisal production in 1969 was down about 6 percent from the 1960-61 average. Mexican sisal production was down about 22 percent in the same year. In late 1970, world sisal prices were less than half the high average of 1963.

Concurrently with declining price and volume, the value of fiber exports as a percentage of total exports has declined sharply in all producing countries; for example, in Tanzania, between 1965 and 1968, it went from 22 percent to 10 percent and in Kenya from 8 percent to 3 percent. This percentage also fell in Brazil and Mexico. During the same years, the total value of U.S. imports of raw and manufactured sisal and henequen declined progressively from \$59.3 million a year to \$38.9 million a year.

To halt this price decline, an informal understanding among producing countries was launched in late 1967 under the auspices of the Food and Agriculture Organization Study Group on Hard Fibers. This provided for a global export quota calculated to support a price objective and allotted by country. The price objective was in the range of \$206 per long ton, c.i.f. Europe, a level regarded as low enough to discourage further inroads by synthetics yet high enough to encourage continued production of these fibers.

This objective was never reached, although the minimum prices adopted were widely respected during late 1968 and 1969, giving marked stability to world markets. However, the understanding ceased to operate in early 1970, and prices fell following allegations of price-cutting and overquota shipments. An additional disruptive factor was the ability of twine makers in fiber-producing countries to obtain raw material at less than the agreed minimum price and thus undersell European spinners in world markets.

The Hard Fiber Study Group has been unable to solve these problems, so as yet there is little basis for expecting the world sisal and henequen situation



Lower left: henequen fiber is dried in Sinaloa, Mexico, after being extracted from the stiff, prickly leaves of the henequen plant (middle). Above: Pakistan depends on jute to bring in almost half the total value of its exports.

to show any improvement.

Another cordage fiber, abaca, has been having problems similar to those plaguing sisal and henequen. It is the most costly of the cordage fibers and was the first to feel the impact of synthetics. It began to be replaced by nylon during the early fifties in the manufacture of fishing nets and marine cables, special items that warrant the higher cost. Now marine cordage, once a major outlet for abaca, is made almost entirely from synthetics.

Makers of special papers once relied on ample supplies of scrapped abaca cordage as raw material for such specialty items as filters. With less abaca cordage now available to be scrapped, increasing amounts of raw abaca are used directly in producing such papers. But, although several factories have been built in the Philippines to produce pulp for the paper industry, this use is still insufficient to offset declining use in the manufacture of cordage.

World abaca production, centered in the Philippines, fell from an average of 283 million pounds a year during 1951-55 to 168 million pounds in 1969, a decline of over 40 percent. In the same period, U.S. imports of abaca fell from an average of 121 million pounds to 21 million pounds, their value going from an average of \$25 million to less than \$6 million.

Substitute materials—paper as well as synthetics—also threaten consumption of products of jute and kenaf (a fiber similar to jute). In addition, jute—used mainly in burlap and other heavy-duty fabrics—is being hit by changes in handling methods. The countries most affected by these developments are India, Pakistan, and Thailand.

India, which also produces kenaf, is traditionally the largest producer and consumer of raw jute and kenaf fiber and the largest exporter of goods manufactured from these fibers. Pakistan ranks with India in fiber production and is by far the largest exporter of raw fiber, although its growing textile industry now consumes over half the raw fiber produced. Thailand's production, practically all kenaf, is exported almost completely as raw fiber. Jute and kenaf and their manufactured products make up a notably high percentage of the total value of all exports from India (about 20 percent in 1969) and Pakistan (well over 40 percent in recent years).

The United States is the largest consumer of jute and jute products, importing an average of 893 million pounds of jute a year during 1967-69, 89 percent of it in the form of jute manufactures. Imports of jute goods by the United States in the late sixties represented roughly a third of all jute manufactures entering world trade in those years.

Traditionally, the most important use of jute in the United States is in burlap bags made from imported fabric. However, although production of packageable goods has increased, the market for heavy-duty packaging has been decreasing due to greater use of bulk-handling methods. Also, paper is replacing the jute fiber used in some heavy-duty packaging.

Burlap threatened

The newest and potentially most dangerous threat to burlap bags is posed by synthetics, which are believed to be making substantial inroads. Synthetics may also be replacing jute in wool packs, traditionally a very important outlet for jute. Burlap imports for these uses by the United States reached a peak in 1966 of 489 million pounds—over half of total jute imports—but steadily declined to 346 million pounds in 1969.

Nevertheless, total imports of jute goods by the United States were fairly

stable during the period 1965-69 because growing imports of carpet backing offset declining purchases of ordinary jute fabric. Jute yarn has always been an important component of woven rugs, and with the rapid expansion of tufted-carpet production, starting in the fifties, the American floor-covering industry became still more important to world jute trade. Originally, each square yard of better quality tufted carpet contained 2 square yards of jute fabric as primary and secondary backing. U.S. imports of carpet backing climbed from very modest levels in the fifties to 446 million pounds in 1969—over half of total jute imports—reached a value of \$136 million.

But other materials, chiefly polypropylene, began to displace jute in carpet backing, and by early 1968 jute constituted only 84 and 79 percent of primary and secondary backing, respectively. By mid-1970, these proportions had fallen to 61 and 63 percent. In addition, U.S. tufted-carpet production failed to expand during 1970. As a result, imports of carpet backing by the United States during January-October 1970 were 30 percent less than they were in the same period of 1969.

Jute exports down

In line with this trend, world exports of jute manufactures, mainly fabric, climbed during the fifties but have declined since 1964.

In the early fifties, India provided about 85 percent of this trade; practically all the rest came from Japan and Western Europe. However, although Pakistan had no mills at the time of partition from India in 1947, it has steadily increased mill production since then. By 1968, India supplied only 55 percent of a diminishing world market while Pakistan provided 37 percent; and the other exporting countries had lost ground.

Pakistan's share of U.S. imports of fabric other than carpet backing increased from less than 10 percent in 1965 to 33 percent in 1969. In the same period, Pakistan greatly increased sales of carpet backing to the United States.

The position of the Indian jute manufacturing industry has been worsening for several reasons. In addition to competition from Pakistan and the several factors threatening total world jute consumption, Indian production has been hit by high costs, labor unrest, and export taxes on jute goods. The volume of

Indian jute-good exports in 1969-70 was the lowest in 15 years, and the value was 22 percent below that of a year earlier.

Many other less developed countries grow jute and kenaf for domestic consumption. At one time, some experts thought that economic development and increased agricultural production in these countries would generate greater demand for raw jute and jute products from the Indian subcontinent. But studies by the Food and Agriculture Organization indicate that, with these countries moving closer to self-sufficiency in agricultural production, this expectation is questionable.

Means of strengthening the position of jute in world trade have been considered by the FAO Study Group on Jute, Kenaf, and Allied Fibers but no effective remedies have been devised. With a growing proportion of Pakistan fiber manufactured domestically, raw jute prices are now at levels considered unremunerative by foreign manufacturers and high enough to stimulate consumption of synthetics. There has been a marked increase in reports of manufacturers, especially in the United Kingdom, switching to synthetics at the expense of jute. Such a switch is difficult to reverse because it involves, among other things, costly adjustments in machines or purchase of new machines. The market outlook contains little that promises to halt a trend toward lower jute consumption.

Certain low grades of jute and cordage fibers find outlets in such uses as electrical insulation, carpet underlay, padding, and papermaking. But, while these markets are important, cordage and woven goods remain the primary outlets and govern the market price of jute and cordage fibers. Efforts are underway to find new fiber uses in which synthetics cannot compete, but results to date are not promising for the fiber industry.

Increased use of manmade fibers may mean that land now growing natural fibers can be diverted to food crops, thus enlarging the world food supply. But fiber crops are an important source of cash income to millions of farmers, and manufacturing fiber goods is an important form of employment in some less developed countries, notably India and Pakistan. Hence, lower prices and reduced consumption of natural fibers could require difficult adjustments in many areas.

U.S. Products Complement Belgium's Horticulture

In Belgium, intensive growing of fruits and vegetables has been a way of life for generations. Yet the Belgians are good customers for certain kinds of fruits and vegetables from the United States, to the tune of some \$10 million to \$12 million a year. Mainly, they buy fresh citrus, juices, canned peaches and pineapple, fruit cocktail, and dried beans and peas.

This effective trade partnership is based on the nature of Belgium's own vegetable and fruit production and the structure of its processing industry. In a number of traditional vegetable crops, the country not only is self-sufficient but processes and exports nearly half its output. Its fruit crops, however—somewhat limited in variety by climate—are mostly consumed fresh, and fruit canning is much less developed. Fruit imports (fresh and processed) are mostly of kinds not locally produced.

Recent U.S. exports of principal fruit, nut, vegetable items to Belgium have been as follows:

	1968	1969	1970
Fresh citrus			
1,000 cartons...	1,089	583	254
Canned fruit			
1,000 cases,			
24 2½'s	589	529	583
Canned juice			
1,000 gal.	673	733	713
Almonds, shelled			
1,000 lb.	86	77	697
Dried vegetables			
1,000 lb.	1,394	5,627	9,885

The Kredietbank of Brussels (in its *Weekly Bulletin*, Oct. 23, 1970) points out that vegetable canning dominates the Belgian food processing industry: in 1969, 138,030 tons, or close to 80

percent of the total output of processed foods, was canned vegetables.

Vegetable canning requires the output of about 37,000 acres, the Kredietbank reports. This is a third of the country's vegetable area. Of Belgium's 737,200-ton vegetable crop in 1969, no less than 40 percent was processed. Output (in 1,000 cases of equivalent 24 2½'s) was as follows:

Peas	3,071
Runner beans and	
French beans	1,180
Peas and carrots	1,368
Carrots	515
Mixed vegetables	280
Salsify	153
Celery	152
Spinach	89
Others	163
Total	6,971

The Kredietbank comments that exports are of vital importance to the Belgian vegetable-canning industry. In 1969, more than 80 percent of the output went to foreign markets, against 40 percent in 1960. Total export value was \$24.9 million against \$6.6 million in 1960. Most exports go to other countries of the European Community, particularly West Germany.

On the other hand, the Kredietbank points out, Belgium imports considerable quantities of high-priced canned vegetables—tomatoes, sauerkraut, asparagus, mushrooms. This trade too is largely with other EC countries. Import quantity in 1969 totaled 43,900 tons, more than three times the 1960 level of 12,800; and the value, at \$17.2 million, was 4½ times 1960 level.

Fruit processing in Belgium, according to the Bank, provides a little over 13 percent of the food processing industry's output. Because Belgium does not produce certain of the major fruits, processing is limited to the main kinds of domestic fruits, such as apples and pears, gooseberries, cherries, and strawberries. Total output in 1969 was 23,862 tons.

An item of growing importance in the fruit-processing industry is apple pulp. Also important is dried fruit for confectionery. Of the processing industry's total output, about 60 percent is canned or preserved fruit and 40 percent is pulp, jam, marmalade, and sirup.

For processed fruits, the Bank records exports of 115,500 tons in 1969 and imports of 35,300 tons. In dollar terms, however, imports far exceeded



U.S. fruits, both in bottles and in cans, have been popular items at food shows and trade fairs in Belgium.

exports, with \$12.2 million as against \$4.1 million. The same kind of relationship has prevailed ever since 1960, when exports totaled 37,000 tons valued at only \$1 million, and imports were 26,200 tons valued at \$7.8 million. Chief export items—mostly to the EC—are pears, cherries, and strawberries. Imports—mostly from the United States, Spain, South Africa, and Taiwan—mainly involve peaches, apricots, and pineapples.

The Bank comments that although Belgium's increasing number of working wives are using more processed foods, traditional Belgian prejudices against canned foods still remain, "whether justified or not." Annual consumption in 1968 was only 12½ pounds for vegetables and 11 pounds for fruits. And continued growth of the young frozen food industry might, the Bank feels, cause a switch in the consumption pattern to the detriment of canned foods, something like what happened to dehydrated foods with the development of canning. Anticipating such a switch, some Belgian canners have added frozen foods to their output.



A Korean rice farmer, knee-deep in his paddy, uses the traditional method of hand plowing still typical on many farms throughout Korea.

Planning Is a Critical Farm Input For Korea

By AVRAM GUROFF
*Asia Division
Foreign Economic
Development Service*

During the past decade, the Republic of Korea's agricultural sector has experienced an annual growth rate approaching 5 percent—one of the highest growth rates in Asia and remarkable in any nation.

Korean rice yields, second only to those of Japan, have helped move the country's agricultural output from a substantial deficit level to a point close to self-sufficiency. This impressive growth resulted largely from vigorous Government action to reclaim land for culti-

The article is based in part on "Planning Korea's Agricultural Development," a report by U.S. economists who visited Korea last summer under sponsorship of the U.S. Agency for International Development. Team members were Charles Breitenbach of AID and William Gasser, James Cavin, Richard Magleby, Troy Mullins, and Edward Micka of USDA.

vation, improve seed, and stimulate the use of farm inputs through loans and capital assistance.

Nevertheless, agricultural growth has been notably uneven and still lags behind the growth of the rest of the economy. And, at the same time, population and income growth have put increased pressure on the demand for food, spurring Government interest in long-range agricultural planning.

Korea's new 5-year plan (1972-76) emphasizes accelerated agricultural growth, food self-sufficiency, and improved rural incomes and living conditions. To obtain these goals, Korean planners are now tackling complex problems such as crop diversification, rural employment, and marketing.

When viewed in terms of Korea's severely limited agricultural resource base, both the recent farm performance and the task ahead are all the more remarkable. The difficulties of a mountainous terrain and generally poor soil are aggravated by harsh, often erratic weather. Flooding from sudden, heavy rains is not unusual, nor are droughts during the growing season uncommon. Thus, only about 24 percent of Korea's 38,012-square-mile total land area has been brought into cultivation to date.

Seeking sustenance in these unfavorable conditions is a population among the most densely settled in the world—a total of nearly 31 million persons, or about 800 persons per square mile. Population growth in Korea is also very high. As a result, the area of cultivated land per capita is one of the lowest in the world—approximately one-fifth of an acre.

For these reasons, indicators of progress cannot be cited without reservation. During the 1960's, total land in culti-

vation increased by 15 percent. However, in the last 5 years of the decade, it increased by only 3 percent. Whereas rice yields are high, the bumper 1969 paddy rice crop of 5.6 million metric tons was actually only 4 percent above the 1964 crop. Furthermore, while Korean agricultural exports have increased gradually during the past decade, Korea continues to run a substantial trade deficit in farm commodities.

Growth in Korea's industrial sector has outstripped the agricultural growth rate, resulting in a continuing food gap and sharp increases in the prices for high-protein and other high-quality foods. This disparity is further aggravated by the income inequity between rural and urban areas.

The lure of industrial jobs has given rise to heavy population pressures in Korea's cities, and seasonal farm unemployment and underemployment still cause low farm income. Rurally located industries and sideline jobs are badly needed to stem the migration to the cities and fully utilize farm labor. Farm mechanization, rapidly changing the tenor of Korean agriculture, may also displace substantial numbers of farm laborers.

The job of sustaining agricultural growth in the 1970's presents an even greater challenge to Korean economic planners than that of accelerating growth during the 1960's. There is still potential for increased rice production through the introduction of improved seed varieties, increased fertilizer and pesticide utilization, and better water management; but average yields are likely to increase only modestly. Therefore, the greatest stimulus to farming is likely to come from diversification into livestock and truck crops. Prospects

are also good for increased barley and, to a lesser extent, wheat production.

Continuing agricultural growth in the 1970's will also call for more than a vigorous program of increasing production. Korean agriculture, as it moves toward diversification, faces the more complex problems of income distribution, marketing improvement, and optimal labor utilization.

Marketing presents an especially great challenge to the Korean Government, as population and income growth generates a rapid rise in the demand for food—particularly livestock products, fruits, and vegetables. With a larger proportion of the population in the cities, the volume of farm products marketed through Korea's commercial channels is expected to rise about 40 percent during the third 5-year plan. Even more spectacular increases are projected for the marketing of some products: vegetables, 50 percent; fruits, 70 percent; eggs, 75 percent; meat, over 90 percent; and milk, nearly 200 percent.

The new 5-year plan provides for: major investments in irrigation facilities; rearrangement of about one-half the paddy land to reduce production costs and increase output; greater farm mechanization; increased upland reclamation; expanded production programs for specialty crops such as mushrooms and asparagus and for sericulture and livestock; and improved processing and marketing through the Agricultural and Fisheries Development Corporation—a Government-sponsored holding company of production, processing, and marketing firms—and by increased investment in the Korean marketing infrastructure.

Although sophisticated economic analysis and planning are especially

critical at present, Korea's agricultural growth has already been accompanied by a number of long-range plans.

The first 5-year plan (1962-66) was very controversial and had a limited influence on the course of economic events. A second plan, (1967-71) was prepared by a new agency, the Economic Planning Board (EPB). It was a marked improvement over the first 5-year plan, but its growth targets were rather low and the agricultural sector was largely neglected. Growth achieved during the first two plan periods can be attributed only in small part to the existence of this planning framework, and was largely the result of aggressive Government action on isolated production problems.

In 1970, the EPB began work on the third 5-year plan. For 1972-76, the EPB projected a general economic framework, including such critical aggregates as population, gross national product, and income. Within this framework, Government ministries were directed to prepare plans for the economic sectors under their jurisdiction. However, the EPB would have final responsibility for reviewing the sector proposals and coordinating them into an integrated national plan.

The preparation of the separate plan for agriculture severely taxed the resources of the Ministry of Agriculture and Forestry (MAF), and the U.S. Agency for International Development suggested that a U.S. team familiar with agricultural economics and planning could assist the Korean planners. At the request of AID, the USDA organized a five-man team for that purpose.

Initially, the team appraised the demand projections prepared by MAF. Subsequently, greater attention was given to the MAF's preliminary plans

for achieving the goals that emerged from the projections. The team focused particularly on the areas of mechanization, livestock development, price policy, and marketing.

In addition to pointing out ways in which existing analysis could be improved and delineating areas requiring further investigation, the team identified five requisites to the accomplishment of the growth targets sought for the 1970's:

- Expansion of rice production through paddy rearrangement, mechanization, better control of water supplies, and more effective use of fertilizers and pesticides;
- Importation of larger quantities of feedgrains in conjunction with increased forage production;
- Modernization of the marketing system through vastly improved farm to market roads, adequate storage facilities, effective regulation of grading, sanitation, and pricing practices;
- Accurate information on prices and marketing and more intensive marketing research; and
- Greater emphasis on financial incentives to farmers and marketing firms.



Upper right, cans of apples move off assembly line at a processing plant in Korea.

Right, mechanized equipment is becoming more common in the rice paddies of Korea.



Sunkist Growers Receive "E Star" Award for Exports



On January 20, Sunkist Growers, Inc., winner of the Presidential "E" Award in 1963 for outstanding efforts to promote the sales of U.S. products abroad, won the "E Star" for continued superior performance in foreign marketing activities.

Sunkist Growers is an agricultural cooperative marketing association which handles a substantial proportion of California-Arizona citrus exports. In 1969 its export sales were over five times greater than when it received the "E" award.

Despite stiff competition in its major markets from other citrus-producing countries, Sunkist has been able to increase its exports through a creative foreign marketing and advertising program involving improved shipping procedures, assumption of credit risks when

necessary, quality control procedures, and establishment of licensee operations in 15 countries.

To offset competition in the European market Sunkist embarked on a large-scale advertising sales promotional campaign, set up a European liaison office, appointed territorial sales managers, and initiated a weekly charter shipping service.

In order to develop and create a demand for citrus products in the Far East Sunkist launched a similar sales and advertising campaign in that area.

A campaign, designed to promote lemon products in Japan included a weekly charter shipping service and establishment of a liaison office in that country. Sunkist exports to Japan climbed from 237,000 cartons in 1963 to more than 2 million cartons in 1969. In Hong Kong an all-out advertising campaign was launched to promote Sunkist's orange citrus products.

In addition, Sunkist has devoted a large amount of funds to promotions of its frozen concentrates and a number of other citrus products.

Sunkist Growers exhibited citrus fruits and products at the Brussels Food Industry Trade Fair held in September 1969.

Testing Helps To Improve Indian Flour Quality

Thousands of flour samples from more than 100 Indian flour mills have been laboratory tested during the past year in an unprecedented effort to improve the quality of wheat products in India.

The flour testing is being done on an industrywide scale for the first time in India in an inventive program sponsored by Western Wheat Associates in cooperation with the Roller Flour Millers Federation and the Food Ministry of the Government of India.

The program is designed to show millers and consumers that wheats with certain characteristics are necessary to produce good-quality flour products.

Until about 2 years ago the only wheat characteristic recognized in India was whether the color was red or white. The tests, which are carried out at the laboratories of the Grain Storage Institute operated by the Food Ministry at Hapur near New Delhi, also identify shortcomings in flour milling techniques for which correctional recommendations are given.

The results of these tests provide quality reference measurements which will serve as a basis for future improve-

ment programs. Also, on the basis of test results, official standards for flour are being changed and better adapted wheats are now going to the flour mills.

Only about 15 percent of available Indian wheat stocks are milled in the country's approximately 200 roller flour mills. The other 85 percent is either milled into whole-meal atta in "chukkis" or in home grinders. This whole-meal atta is used mainly in preparing chapatis, an unleavened pancake-like bread.

Good chappati flour requires a weak gluten and Indian-grown wheats are primarily adapted for this purpose. The Indian wheat breeding program is designed to fill this need for weak gluten wheat, thus necessitating continued imports of stronger gluten wheat of the type grown in the United States.

Final testing of the Indian flours is made in baking tests carried out by an AWWA technician who is also a graduate of the American Institute of Baking.

Indian lab technician tests alcoholic acidity to determine changes in wheat which has undergone a long storage period.



FAS Offers Export Incentive Program

The Export Incentive Program, a market development tool successfully tested last year for almond promotion in Japan, is now being offered by the Foreign Agricultural Service to all market development cooperators for use in their export programs.

The program enables the cooperator to enter into agreements with U.S. firms for programs which will step-up promotional efforts aimed at selling both new and established consumer-ready products abroad. It also allows the cooperator to move from generic to brand promotion.

Under the program, (1) FAS assistance is tied directly to sales performance, (2) only specific, stated promotional activities are eligible for reimbursement, and (3) reimbursement to participating firms is computed by formula, taking into account growth in sales, gross sales, and products (new and established) and is weighted in favor of growth in sales and new products. The agreement is handled through a standardized, fill-in type of contract and covers a period of 1 to 3 years.

Foreign Policy Council

In order to coordinate domestic and foreign economic policy, President Nixon on January 19 established a Council on International Economic Policy.

The Council will provide a top-level focus for the full range of international economic policy issues, and deal with international economic policies—including trade, investment, balance of payments, and finance—as a coherent whole. It will also consider the international economic aspects of essentially foreign policy issues, such as foreign aid, under the general policy guidance of the National Security Council.

The Council is to be chaired by the President and members will include the Secretary of State; The Secretary of the Treasury; The Secretary of Agriculture; The Secretary of Commerce; The Secretary of Labor; The Director, Office of Management and Budget; The Chairman, Council of Economic Advisers; The Assistant to the President for National Security Affairs; The Executive Director of the Domestic Council; and The Special Representative For Trade Negotiations.

Denmark Expects Record Hog Slaughter

Over 12 million hogs are currently expected to be slaughtered in Denmark in 1971—slightly more than in 1965, the last surplus year. The chairman of the Danish Bacon Factories said that the large slaughter will result in a surplus situation with the big crush coming in the second quarter of 1971. He further stated that it would be impossible to hold prices through the surplus period, particularly since production is rising in other countries.

The Danish surplus is expected to coincide with the anticipated 3- to 4-percent increase in the EC guide price for livestock anticipated April 1, which would result in higher variable levies on

imported animals and meat products from nonmember countries. The surplus will also come at the time of year when domestic consumption is at its lowest point. It is doubtful that Danish cold storage facilities will be able to handle the entire surplus during the first half of 1971.

Danish-British bacon talks are now underway but there is little hope that they will significantly ease the situation as the British are pressing to increase their share of the bacon market. The April 1, 1970 to March 1971 Danish quota is 300,000 metric tons but deliveries are expected to amount to only 280,000 metric tons.

New Zealand Income

New Zealand's farmers have not shared in the general upward trend in incomes, according to recent figures released by the Government's Statistical Bureau. Total farm income is estimated to have fallen by 2.7 percent during the year that ended March 31, 1970.

The figures given by the New Zealand Government show a continued recovery in economic activity since the recession of 1967 and early 1968.

The country's gross national product, the total value placed on goods and services produced during the 1969-70 fiscal year, was put at \$5.32 billion, compared with \$4.87 billion during 1968-69. This figure represents an increase in current value of 9.3 percent.

Palm Oil Development

The World Bank Group has committed about \$77 million to six countries for development of palm oil, which promises to compete with U.S. soybean oil on the world market within the next 10 years.

The six countries, Dahomey, Cameroon, Ivory Coast, Indonesia, Malaysia, and Papua and New Guinea, already produce palm oil, and when these projects reach maturity—in most cases by 1980—total annual output should be boosted by about 307,000 metric tons. According to the Bank, 75 percent of this, at most, is expected to move into export channels, possibly amounting to about 14 percent of net world palm oil exports at that time.

Bank Loan to Guatemalan Ranchers

The World Bank Group is lending Guatemala \$4 million for a project to help cattle ranchers increase beef output by improving pastures and cattle-raising techniques.

The estimated \$7.8-million-equivalent project is the first stage of a broader Guatemalan livestock development program. Increased beef production is expected to help Guatemala maintain its share of the export market and meet rapidly rising domestic demand. The project is also an important part of the country's economic diversification program and has been given high priority in the recently adopted Five-Year Development Plan.

Agriculture accounts for approximately 30 percent of Guatemala's gross national product, generates some 80 percent of exports, and employs 65 percent of the labor force. Although livestock represents one-fifth of total agricultural production, it has grown more slowly than other agricultural sectors.

Ranchers will carry out their investment plans in the first 3 years of their participation in the project. They are expected to increase beef production after 10 years by about 18 million pounds annually, equivalent to 24 percent of current national production.

The loan is for 16 years (5 years of grace) at 7½-percent interest.

Canada's Provincial Egg and Poultry Regulations Jar Agricultural Trade

An inter-Provincial "chicken-and-egg" war is active in Canada at present and may have far-reaching consequences for internal and external trade in agricultural items.

With the recent addition of British Columbia to the Provinces that have initiated controls on imports and marketing of eggs and poultry products, seven Provinces now have marketing boards with regulations that are actually or potentially restrictive on broilers, four on eggs, and four on turkeys. The areas controlling broiler trade are: Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia, Ontario, and Saskatchewan. Those with egg restrictions are Alberta, British Columbia, Quebec, and Saskatchewan. And the four Provinces with turkey regulations are Alberta, British Columbia, Manitoba, and Saskatchewan.

The first move in fragmenting the Canadian egg and poultry market occurred on May 12, 1970, when the Quebec Federation of Producers of Consumer Eggs (FEDCO) was established by the Quebec legislature. All eggs now sold in Quebec are supposed to go through a central marketing agency (FEDCO); the marketing agency's cartons must be used even by out-of-Province suppliers; out-of-Province eggs must be marketed through FEDCO; and egg containers must be labeled to show if eggs were not produced within Quebec.

These regulations lessened access by neighboring Provinces to Quebec's egg market, with two results. Egg prices rose within Quebec because supply was sharply reduced; in recent years nearly half of Quebec's eggs had come from other Provinces. And egg oversupply in Ontario, Manitoba, and Nova Scotia, which had been the chief sellers of eggs to Quebec in the past, caused local egg prices to slide.

Reportedly, smaller stores in Quebec cities (especially those near Provincial borders) have resorted to selling out-of-Province eggs (acquired extralegally) at 15 to 20 cents per dozen less than FEDCO eggs.

More important than immediate price changes, Quebec's move set off action by other Provinces both in retaliation

and to prevent dumping of eggs and broilers within their own borders by oversupply areas. Many Provinces enacted broiler regulations because Quebec is a major broiler exporter. Other areas took more general action.

For example, recently the three Prairie Provinces — Manitoba, Saskatchewan, and Alberta—decided to "make every effort" to remove barriers to agricultural trade between themselves—but not between themselves and Quebec. The feeling appears to be that when Quebec removes its import restriction, Manitoba and its sister Provinces will take like action.

Further, Manitoba is seeking legal action to abolish Quebec's egg import regulations. Although a superior court in Quebec has already ruled that FEDCO is a legal marketing board and that the legislation under which it was created is not unconstitutional, the Manitoba attorney-general's department is trying to get a test case past the Manitoba Court of Appeals to Canada's Supreme Court. Manitoba's attorney-general's department has submitted hypothetical legislation establishing an egg producers board that is almost identical to Quebec's. The Supreme Court would

then have an opportunity of deciding the legality of all Canada's Provincial marketing boards that restrict inter-Provincial agricultural trade.

In the meantime, Canada's Minister of Agriculture H. A. Olson is seeking passage by the Federal legislature of the National Marketing Agencies Act. This proposed bill would create a national agency with authority to regulate inter-Provincial movement of farm commodities and to coordinate the Provincial marketing boards. The bill has received its second reading in Parliament and was referred to the Agricultural Committee in November 1970.

In contrast to Canada's Provincial poultry product marketing problems, the orderly and equitable inter-Provincial marketing of milk was recently assured. On January 14, 1971, a new agreement was signed by the Canadian Dairy Commission (the Federal milk-marketing agency) and the local Quebec and Ontario agencies, which handle 80 percent of Canada's industrial milk. The two Provinces will join in a market-sharing quota system that will apply to all milk used for manufacturing purposes.

Minister of Agriculture Olson termed the agreement a major milestone in Canadian agricultural history and said, "It is our hope that this type of co-operation will be extended to other areas of agriculture through the national marketing bill now before Parliament."

Export of U.S. Cattle to Canada Sets Record

Canada's purchase of almost 13,000 head of U.S. nonbreeding stock in November 1970 helped set a 1-month record of 15,457 head. For the first 10 months of 1970, U.S. live cattle exports averaged only about 2,400 head per month. The U.S. trade confirmed that most of the live cattle shipped to Canada during November came from the midwestern United States, and although some of the cattle were definitely feeder cattle, a substantial number were short-fed cattle from public yards, mainly Sioux City, Iowa.

Fat-cattle prices in Canada, which are above U.S. price levels, have contributed to the import of U.S. cattle. In mid-November, Calgary prices for good slaughter steers were \$2.38 above comparable Sioux City prices, while good feeder steers were \$3.31 above comparable prices at Sioux City.

However, by mid-January 1971 the margin on fat cattle had narrowed considerably, and it appeared that there was little price advantage in Canadian markets. Fat cattle shipments, which started in November, reached a peak of about 8,000 head a week in December, but dropped sharply by the middle of January.

Canadian sources reveal that there is a definite shortage of fed cattle in Canada and they expect more movement of U.S. feeder cattle into western Canada on a short-term basis. One U.S. firm reports they had orders for 17,000 head of feeder cattle for Canada to be filled in the early part of February.

Shipments of live cattle in 1969 totaled 39,186 head, with 9,492 going to Canada. The 11-month total for 1970 was 39,426 head; 23,025 head went to Canada.

CROPS AND MARKETS

Grains, Feeds, Pulses, and Seeds

Weekly Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Feb. 3	Change from		A year ago
		Dol.	Cents	
		per bu.	per bu.	per bu.
Wheat:				
Canadian No. 2 Manitoba	2.07	-1		2.01
USSR SKS-14	2.04	-2		(¹)
Australian FAQ	1.88	-1		1.74
U.S. No. 2 Dark Northern				
Spring:				
14 percent	2.08	-2		1.94
15 percent	2.11	-2		2.01
U.S. No. 2 Hard Winter:				
13.5 percent	1.99	0		1.77
USSR-441 Yellow Winter	1.96	+2		(¹)
Argentine	(¹)	(¹)		1.77
U.S. No. 2 Soft Red Winter ...	1.90	-3		1.66
Feedgrains:				
U.S. No. 3 Yellow corn	1.81	-4		1.39
Argentine Plate corn	1.87	-1		1.42
U.S. No. 2 sorghum	1.67	+2		1.38
Argentine-Granifero sorghum	1.63	+2		1.27
Soybeans:				
U.S. No. 2 Yellow	3.41	-5		2.92
EC import levies:				
Wheat	1.42	0		1.65
Corn ²68	+4		.88
Sorghum ²80	+6		.95

¹ Not quoted. ² Until Aug. 1, 1972, Italian levies are 19 cents a bu. lower than those of other EC countries.

Note: Basis: 30- to 60-day delivery.

Livestock and Meat Products

Value of U.S. Meat Trade Up in November

The value of U.S. trade in livestock, meat, and meat products was above year-earlier levels in November. Imports, valued at \$104.4 million, were up 16 percent from those in November 1969, and exports, at \$53.3 million, increased by 5 percent. Greater boneless beef imports this November compared with those of last November accounted for the growth in the value of imports. On the export side, greater shipments of inedible tallow were primarily responsible for the gain in value.

The animal fat exports of lard and inedible tallow and greases showed the greatest November changes from their year-earlier levels. Lard exports, at 22.3 million pounds, were

down 46.3 percent from the 41.6 million pounds exported last year. Reduced shipments to the United Kingdom, which totaled 10.1 million pounds, or only about one-third of their year-earlier level, were responsible for the decline. Inedible tallow and grease exports, at 182 million pounds, were up 29.5 percent from the level of a year ago. Greater shipments to the Netherlands, Egypt, and the Republic of Korea accounted for the increase.

On the import side, the most significant factor in the November picture was the increase in boneless beef imports, which at 75.8 million pounds, were well above the 43.9 million pounds imported a year ago. Most of the increase came from Australian entries, which totaled 37.2 million pounds, compared with 12.3 million a year ago.

Both imports and exports established new records for the January-November period of 1970.

For the 11 months, tallow and greases were the major U.S. livestock, meat, and meat-product export, followed by hides

U.S. EXPORTS OF SELECTED LIVESTOCK PRODUCTS

Commodity	November		January-November	
	1969	1970	1969	1970
	1,000	1,000	1,000	1,000
	pounds	pounds	pounds	pounds
Animal fats:				
Lard	41,619	22,349	248,308	324,136
Tallow and greases:				
Inedible	140,500	181,937	1,732,007	2,021,510
Edible	940	731	12,237	19,950
Meats:				
Beef and veal	2,176	2,757	23,675	26,144
Pork	12,659	8,110	140,189	56,384
Goat, lamb and mutton ...	47	76	1,359	985
Sausages	312	419	4,477	3,743
Meat specialties	169	166	3,511	3,548
Other canned	509	678	8,861	7,587
Total red meats ¹	15,870	12,199	182,076	98,394
Variety meats	23,631	29,717	215,107	220,085
Sausage casings (animal origin)	1,029	1,068	10,799	11,071
Animal hair, including mohair	1,371	1,042	17,122	12,614
Hides and skins:				
Cattle parts	1,521	2,663	29,098	12,853
	1,000	1,000	1,000	1,000
	pieces	pieces	pieces	pieces
Cattle	1,377	1,246	13,603	13,968
Calf	85	96	1,185	932
Kip	24	20	394	209
Sheep and lamb	349	314	3,576	3,519
Horse	8	35	57	182
Goat and kid	6	24	314	639
Livestock:	Number	Number	Number	Number
Cattle and calves	3,509	15,457	34,704	39,426
Sheep, lambs, and goats ...	782	12,042	104,533	120,745
Hogs	3,018	3,600	17,260	22,246
Horses, asses, mules, and burros	918	1,455	10,648	39,942

¹ May not add due to rounding. Bureau of the Census.

U.S. IMPORTS OF SELECTED LIVESTOCK PRODUCTS

Commodity	November		January-November	
	1969	1970	1969	1970
Red meats:				
Beef and veal:	1,000	1,000	1,000	1,000
Fresh, chilled, or frozen: pounds				
Bone-in beef	1,889	1,858	17,083	21,713
Boneless beef	43,872	75,822	923,339	1,000,334
Cuts (prepared)	380	4,129	1,770	20,594
Veal	3,669	1,533	22,668	19,226
Canned beef:				
Corned	8,414	5,767	86,876	85,040
Other, including sausage	2,049	1,997	21,200	28,733
Prepared and preserved	3,948	4,595	60,492	70,513
Total beef and veal ¹	64,218	95,700	1,133,425	1,246,151
Pork:				
Fresh, chilled, and frozen	2,998	4,280	39,974	52,403
Canned:				
Hams and shoulders	17,653	22,302	213,029	229,682
Other	1,786	2,494	26,733	29,495
Cured:				
Hams and shoulders	101	54	1,848	1,339
Other	444	222	3,583	3,453
Sausage	417	264	3,325	3,318
Total pork ¹	23,398	29,618	288,490	319,694
Mutton and goat	1,982	137	51,657	39,315
Lamb	4,502	2,864	41,331	39,242
Other sausage	664	836	7,808	9,606
Other meats	1,375	1,902	12,265	16,703
Total red meats ¹	96,145	131,060	1,534,777	1,670,716
Variety meats	966	773	4,765	8,784
Edible and inedible tallow and grease	1,764	1,073	12,155	7,443
Meat extract	47	96	809	1,075
Wool (clean basis):				
Dutiable	8,164	2,952	84,330	75,270
Duty-free	9,344	3,970	88,474	66,942
Total wool ¹	17,506	6,923	172,801	142,214
Animal hair (clean basis)	328	119	5,180	2,030
Hides and skins:				
Cattle parts	99	371	430	1,783
Sheep skins, pickled and split	35	602	7,392	10,658
	1,000	1,000	1,000	1,000
	pieces	pieces	pieces	pieces
Cattle	20	27	265	344
Calf and kip	45	58	634	533
Buffalo	17	31	404	219
Sheep and lamb	348	1,240	20,095	17,774
Goat and kid	508	65	4,816	2,982
Horse	17	10	182	162
Pig	61	22	647	604
Livestock:				
Cattle ²	188,050	151,437	804,027	953,359
Sheep	8,869	6,132	22,708	10,886
Hogs	1,941	4,235	11,608	64,409
Horses, asses, mules, and burros	331	370	3,177	3,342

¹ May not add due to rounding. ² Includes cattle for breeding. Bureau of the Census.

and skins and variety meats.

Beef and veal and pork were the major imports. In 1969 beef and veal imports, valued at \$568.7 million, set a new record, as did pork imports, valued at \$238.8 million. By the end of November 1970 both of these records had been broken.

Through November beef and veal imports were valued at \$627.1 million and pork imports at \$250 million. For 1970 the value of beef and veal imports is expected to reach \$680 million, and that of pork, \$270 million.

More Lard Used in United Kingdom

The use of lard in the production of margarine and compound fats in the United Kingdom turned upward in 1970 after declining sharply for 5 consecutive years. Lard used for these products during the first 48 weeks of 1970 totaled 69.2 million pounds, compared with 39.4 million for the same period in 1969. Total use for full calendar 1970 probably amounted to slightly under 74 million pounds, or the largest annual use since 1965. Use in 1969 totaled 40.3 million pounds; in 1968, 51.5 million; in 1967, 58.7 million; in 1966, 72.4 million; in 1965, 172.9 million; and in 1964, a high of 258.1 million.

Fruits, Nuts, and Vegetables

Bumper Turkish Dried Fruit Crop

Turkey reports a bumper 1970 dried fruit crop. Current reports indicate total dried fruit production of 199,000 short tons, the highest level in recent years. Raisin production is estimated at a record 140,000 tons. The dried fig and apricot crop totaled 55,000 tons and 4,000 tons, respectively. Weather was good and no serious diseases or pests were reported.

SUPPLY AND DISTRIBUTION OF TURKISH RAISINS

Item	1967-68	1968-69	1969-70	1970-71 ¹
	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons
Beginning stocks (Sept. 1) ...	36.4	38.6	52.9	30.0
Production	103.0	114.0	99.0	140.0
Total supply	139.4	152.6	151.9	170.0
Exports	86.3	85.1	73.3	85.0
Domestic disappearance	14.5	14.6	14.1	15.0
Ending stocks (Aug. 31)	38.6	52.9	² 64.5	70.0
Total distribution	139.4	152.6	151.9	170.0

¹ Forecast. ² Includes 34,500 tons produced before 1968 which are considered to have no commercial value.

Cotton

U.S. Cotton Exports Higher in December

U.S. cotton exports totaled 362,000 running bales in December, compared with 251,000 bales in November and 176,000 bales in December 1969.

Shipments for the first 5 months of 1970-71 (August-December) totaled 967,000 bales, up moderately from 754,000 bales for the same period the previous year. Exports to almost all major destinations, in Europe as well as in other areas, were larger this period compared with those of a year earlier. Shipments to India, however, were lower.

U.S. COTTON EXPORTS BY DESTINATION

[Running bales]

Destination	Year beginning August 1				
	Average			Aug.-Dec.	
	1960-64	1968	1969	1969	1970
	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales
Austria	23	0	0	0	0
Belgium-Luxembourg	121	30	19	8	18
Denmark	14	1	(¹)	(¹)	(¹)
Finland	17	9	6	3	(¹)
France	319	88	30	11	7
Germany, West	269	31	26	12	22
Italy	345	62	46	20	13
Netherlands	110	19	19	8	8
Norway	13	5	1	(¹)	(¹)
Poland	125	106	51	4	0
Portugal	21	8	2	2	(¹)
Romania	2	0	46	0	0
Spain	74	5	4	1	1
Sweden	81	51	37	13	10
Switzerland	74	32	15	7	15
United Kingdom	244	48	38	10	25
Yugoslavia	112	54	0	0	0
Other Europe	15	7	4	1	1
Total Europe	1,979	550	344	100	120
Algeria	9	27	11	2	6
Australia	61	0	(¹)	(¹)	0
Bolivia	7	0	0	0	0
Canada	353	108	181	58	98
Chile	18	(¹)	1	(¹)	(¹)
Colombia	3	(¹)	(¹)	0	(¹)
Congo (Kinshasa)	6	0	0	0	0
Ethiopia	9	9	1	1	1
Ghana	1	17	27	9	12
Hong Kong	148	194	261	29	6
India	314	174	261	29	6
Indonesia	40	105	242	65	69
Israel	15	1	(¹)	(¹)	0
Jamaica	4	2	2	1	1
Japan	1,192	536	623	175	265
Korea, Republic of	261	447	455	159	183
Morocco	12	19	28	6	9
Pakistan	14	1	16	8	0
Philippines	123	119	146	31	36
South Africa	41	9	4	1	4
Taiwan	209	259	193	47	45
Thailand	34	66	54	7	24
Tunisia	2	0	5	1	0
Uruguay	6	0	0	0	0
Venezuela	8	(¹)	(¹)	(¹)	6
Vietnam, South	46	62	99	25	41
Other countries	9	26	14	3	9
Total	4,924	2,731	2,768	754	967

¹ Less than 500 bales.

Dairy and Poultry

Milk Output in OECD Countries Down

The Working Party on Dairy Products of the Organization for Economic Cooperation and Development (OECD) met in Paris in mid-December to review the current dairy situation in the OECD member countries and inter-related problems of the industry as a whole.

Data submitted by member countries for the first 9 months

of 1970, according to the Group Report, showed a continued slight reduction in fluid milk production, a similar decline in output of butter, and a substantial increase in production and consumption of cheese. Stocks of both butter and cheese declined. A moderate decline in production of whole and skim milk powder was noted for the first half of 1970 compared with the same period in 1969. Major discussions during the meetings centered around the causes for shifts in supply and distribution; the effectiveness of government measures to reduce dairy production; and structural changes in the cheese industry. Reportedly, in subsequent months the Working Party will place greater emphasis on price relationships and supply and demand balances.

Some 23 countries, including the United States, Canada, and most of Western Europe, are members of the OECD. As a group these countries account for approximately 55 percent of the total milk production of the major producing areas for which data are regularly published by FAS.

According to provisional statistics of member countries, milk production during the first 9 months of 1970 totaled 132.6 million metric tons—down 0.5 percent from the comparable 1969 period. Production in EC countries alone declined about 1.5 percent during the same period. In 1969, total production of 176.4 million tons in OECD countries was about 3 percent above the 1965 level, while that of the European Community—69.5 million tons—was 9 percent above the 1965 outturn.

The butter situation, in general, improved during January-September 1970, with production of 1.92 million tons down 3.5 percent from the comparable 1969 output. Butter stocks as of October 1, 1970, were 124,000 tons, a decrease of nearly 20 percent from a year earlier. About 100,000 tons of this decline was in EC stocks. Part of the remaining decline in stocks was in the United Kingdom and was related to the effects of drought on supplies from New Zealand.

The shift to cheese is shown by a 4.7-percent increase in production during January-September 1970, and an even larger increase in consumption; stocks on October 1, 1970, were down 4.7 percent. Total 1969 cheese production in the OECD was provisionally reported at 4 million tons, or 18 percent larger than the 3.4 million tons produced in 1965.

In the first half of 1970, production of whole milk powder was down 4.6 percent and that of skim milk powder 2.2 percent from January-June 1969. Total 1969 output of whole milk powder, however, at 391,600 tons, was 11 percent above the 1965 level. Production of skim milk powder, at 2.5 million tons in 1969, was almost one-third larger than the comparable 1965 production.

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Foreign Agriculture

U.S. Farm Exports Keep Up Fast Pace

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other canned fruits during the current year. However, exports of fruit juices, primarily citrus, rose sharply because of increased production in Florida coupled with lower U.S. prices. Exports of vegetables and preparations, on the other hand, stayed about the same. Dried beans and peas were close to the record level of last year; and gains occurred in a number of vegetable preparations, offsetting somewhat lower shipments of frozen, fresh, and canned vegetables.

U.S. tobacco exports totaled \$297 million in July-December 1970, down 15 percent from \$348 million in 1969. This

reduction occurred primarily in shipments to the United Kingdom and West Germany, leading markets for U.S. tobacco. These countries purchased more tobacco from nontraditional suppliers such as India, Korea, and Mainland China. Higher U.S. prices (averaging around a dollar a pound in July-December), preferential arrangements, and other trade-restrictive devices may be shifting customers to other suppliers. This decline in U.S. exports has occurred despite the fact that recent U.S. tobacco crops have been of especially high quality.

Cotton exports advanced to \$149

million, from \$123 million in the same period a year earlier. The increase occurred in December, when exports totaled around 362,000 bales. Foreign demand for U.S. cotton is up because of smaller foreign Free World production and stocks and some gain in mill consumption. However, the continued tight supply of U.S. cotton, particularly the shorter staple cottons demanded by foreign producers for blending, is limiting the volume of U.S. exports this season. Markets in Asia continue to be the best outlets for U.S. cotton. In July-December, approximately three-fourths of U.S. exports went to Asia.